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Annual report of the Executive Director
Annual report of the Administrator

Joint report of UNDP and UNFPA on the recommendations of the Joint Inspection Unit in 2005

Summary

In line with General Assembly resolution 59/267, this report provides a synopsis of management comments on the recommendations of the Joint Inspection Unit (JIU). In 2005, JIU issued nine reports. These comprised two organization-specific reports (the World Intellectual Property Organization and the International Labour Organization); three directed to the United Nations Secretariat in New York and Vienna; and four having cross-agency impact. So far, only two of the reports have been deliberated at the United Nations Chief Executives Board for Coordination (CEB). None has been formally accepted by the General Assembly. In line with the desire of the Executive Board and the current United Nations emphasis on simplifications and harmonization, this report has been prepared jointly by UNDP and UNFPA and it provides UNDP/UNFPA management responses to key recommendations of the JIU reports that are of specific relevance to these agencies.

Elements of a decision

The Executive Board may wish to take note of the present report, and in particular those aspects of the JIU reports that have particular relevance to the work of UNDP and UNFPA.

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I. Overview of JIU reports issued in 2005

1. Of the nine reports issued by the JIU in 2005, two are agency specific: 'Budget, oversight and related issues in WIPO' (report 1) and 'Results-based management framework implemented at ILO' (report 6). Another two are specifically targeted at the United Nations Secretariat: 'Policies on open-source software' (report 3) and 'The management of the secretariat of the United Nations Convention to Combat Desertification (UNCCD) (report 5). A third report is entitled 'Building management services in Vienna' (report 9).

2. Four JIU reports have a wider impact on United Nations systems. They contain recommendations on how to improve country office performance; a recommendation for a common payroll for the United Nations system organizations; recommendations for the use of open-source software for development; and measures to strengthen United Nations system support for the New Partnership for Africa's Development.

II. Review of management responses to key recommendations of JIU reports

3. The reports listed below have system-wide ramifications and are therefore of specific relevance to UNDP and UNFPA. Detailed comments of UNDP and UNFPA in connection with these reports will be found in subsequent paragraphs.

(a) Report 2: 'Some measures to improve overall performance of the United Nations system at the country level', parts I and II;
(b) Report 4: 'A common payroll for United Nations system organizations';
(c) Report 7: 'Policies of United Nations system organizations towards the use of open-source software for development'; and
(d) Report 8: 'Measures to further strengthen United Nations system support to the New Partnership for Africa's Development (NEPAD)'.

III. Measures to improve the overall performance of the United Nations at the country level (JIU/REP/2005/2)

Key recommendations

4. This report contains 19 recommendations covering measures to foster a culture of partnership, simplification and harmonization procedures, rationalization of field presence, monitoring processes in operational activities for development and improving transparency. The specific areas in part II of the report that require further clarification are (a) coordination of common country assessment (CCA) and United Nations Development Assistance Framework (UNDAF) instruments; (b) resident coordinator-related issues; and (c) the inter-agency task force

5. On *coordinating the CCA and UNDAF instruments*, it was noted that the Inspector is critical of the narrowing of the UNDAF to three to five priority areas (paragraph 9), insofar as it would not engage all United Nations organizations adequately in all their strategic exercises. The Inspector is equally critical of the restricted focus of the CCA (paragraph 11) insofar as it does not benefit from "ancillary processes" performed by agencies not represented at the field level. UNDP is of the view that the CCA as designed is an inter-agency process involving all members of the United Nations Development Group (UNDG)

and reflecting the broadest yet most precise analysis of a country situation from the United Nations perspective. In recent years, the level of national ownership in the CCA has increased, and some country teams – following the agreements at the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), the Rome and Paris Declarations, and the needs of national partners – now provide a CCA that is closely linked to national analytical frameworks, especially those produced in the context of poverty reduction strategies.

6. On *the selection of resident coordinators*, UNDP finds it difficult to understand the concern about "brain drain" in the selection of resident coordinators from other organizations while at the same time greater staff mobility is advocated (paragraph 28).

7. On *the potentially compromised position of UNDP as a 'neutral broker'* (paragraph 75), UNDP is of the view that this position, logically, would apply were the resident coordinator fully accountable to any particular agency. The capacity of the resident coordinator, including his or her role in the UNDAF process, is linked not to institutional affiliation, but to the capacity to mobilize resources based on the presentation of compelling programmes with sufficient seed funding to attract national and donor interest. It is this capacity for coordination, and not institutional affiliation, that make resource mobilization possible. UNDP would argue that changing institutional affiliation would, at best, change the affiliation without altering the perception of bias, or, at worst, weaken the capacity of the resident coordinator to fundraise for the United Nations country team (UNCT). UNFPA supports the proposed change in the designation process whereby UNDP, UNFPA, UNICEF and WFP would jointly recommend a resident coordinator to the Secretary-General.

8. On *the establishment of different task forces*, UNDP believes that recommendation to establish a General Assembly task force (with limited composition) on operational activities for development would lead to a weakening of the role of the Economic and Social Council and of the Second Committee of the General Assembly in the governance of United Nations operational activities for development.

9. On the recommendation for *the creation of a CEB task force on extra-budgetary and non-core fundraising*, UNDP would recall that extra-budgetary financing is increasingly linked to country-level activities, and subject to donor and programme country partnership agreement. In the view of UNDP, it would be difficult to govern such a fluid system, based on comparative advantage, through a single, centralized mechanism at the global level. UNFPA feels that the proposed interagency task force to deal with fundraising for non-core resources would not be as effective with donors as joint appeals for funding of approved country-level UNDAFs. In addition, UNFPA does not agree with the recommendation to involve the CEB in decisions on where to establish joint United Nations Offices, as it is felt that this would slow down the selection process considerably.

IV. A common payroll for United Nations system organizations (JIU/REP/2005/4)

Key recommendations

10. The JIU has advocated a phased implementation of common payroll systems for international professionals, with relevant United Nations organizations aligning themselves with 'leader' organizations that have implemented either one of the market Enterprise Resource Planning (ERP) products, including the integrated management information system

(IMIS). While the business case for a common payroll system was attractively simple, the "expected system-wide savings emanating from avoidance of future investments in the acquisition and/or maintenance of the new system" (paragraph 17) was recognized by the JIU to be "difficult to quantify". Preliminary analysis by JIU indicates that the average payroll cost per employee per year currently in the United Nations system is in the range of $200-$250. The JIU projected that with the proposed implementation of lead agencies for international payroll, that the United Nations could expect potential cost savings in the range of $100 million over a period of 10 years with opportunity for elimination of redundant systems, enhancing standardization of payroll policies and procedures.

11. On *creating a consolidated information and communications technology (ICT) platform for the United Nations system*, UNDP and UNFPA can subscribe to the vision of a unified ICT platform operating on standard procedures. However, UNDP cannot endorse the 'destination' – that is, one payroll system on a single United Nations ERP – until additional work has been carried out. Consistent with the 2005 World Summit Outcome, UNDP argues that United Nations systems should move towards fully integrated human resources management, including talent management, development, knowledge management and effective deployment of staff to achieve results, a solution closely linked with the finance and results architecture of the respective organizations. To ensure a worthwhile investment, the true value lies in integration. Based on the current level of analysis, UNDP does not believe that a payroll investment is strategic, and we reserve judgment as to whether it is justifiable financially.

12. At the pragmatic level, and based on UNDP/UNFPA experience in the joint implementation of Atlas, we believe that one of the biggest challenges lies in the management commitment to harmonize around the interpretation and application of personnel and financial regulations and processes. Currently for International Professionals, there have been differing practices in the implementation of the payout of hardship and mobility allowances. In addition, not all UN agencies agree on the implementation of Rank-in-post and the organizational tolerances around it. While there may be software flexibility in the configuration of different rules and policies, there is cost impact on the implementation and maintenance of software customizations. This complication is significantly compounded by each UN agency having different chart of accounts and different budgetary processes.

13. On *the recommendation for UN agencies to align themselves with "leader" organizations* that have implemented ERP systems, UNDP appreciates the idea of 'leader' organizations, and considers that it is well-positioned, together with UNFPA, to assume such a role in leveraging the Atlas system.

V. Policies of United Nations system organizations towards the use of open-source software for development (JIU/REP/2005/7)

Key recommendations

14. This report contains four recommendations specifically designed to raise awareness of the potential role of open-source software in achieving specific objectives set forth in the Millennium Declaration and the plan of action adopted by the World Summit of the Information Society in 2003. It calls upon the United Nations system to explore the advantages associated with the use of open-source software.

15. On *the emerging role of open-source software*, UNDP and UNPFA agreed that as a public good developed and propagated by civil society, free or open-source software can provide countries with new tools with which to create innovative solutions that can help

enhance the delivery of basic services, foster local capacities and boost digital inclusion. In that regard, UNDP wishes to highlight that it has been supporting the use of free or open-source software in more than 40 developing countries since 1995, through the sustainable development networking programme (SDNP) initiative. Where free or open-source software is the preferred choice, UNDP has encouraged the adoption of open standards, complementary policies on content and capacity development, and enterprise promotion. Overall, the role of UNDP has been to advise governments in linking free or open-source software to broader development goals and encouraging the deployment of new knowledge products – public or proprietary – rather than mandating free or open-source software use.

16. UNFPA is already using open-source software in a number of areas. However UNFPA is of the view that while moving towards increased use of open-source software within the United Nations system can reduce licensing costs, it does not necessarily increase inter-operability with other United Nations organizations if they are using propriety software, and it may result in other costs. From a content perspective, UNFPA is of the view that the report did not adequately address the potential costs, benefits and constraints of using free or open-source software.

VI. Measures to strengthen United Nations system support for the New Partnership for Africa's Development (JIU/REP/2005/8)

Key recommendations

17. This report addresses the capacity of the Economic Commission for Africa (ECA) to effectively coordinate the United Nations system to deliver on NEPAD. Ten recommendations have been forwarded with a view to addressing the obstacles identified. These included independent studies on the establishment of regional and subregional hubs and enhancing the human resource capacity within the ECA office.

18. On *the roles of the African Union and NEPAD*, UNDP and UNFPA are of the view that the African Union Commission and the NEPAD Secretariat should intensify steps to harmonize and integrate their activities to strengthen UN system interaction and support to Africa's social and economic development agenda. This would enable effective implementation of recommendations 1 and 9.

19. On *regional and subregional hubs*, UNDP is of the view that these are not closely related to the obstacles of coordination and delivering effective support to NEPAD. This would be duplicative and would create further coordination problems. UNDP is of the view that is a recommendation on the harmonization of mandate and programming cycles of the agencies, as well as the establishment of a common financing mechanism for NEPAD support programmes, would address the situation more appropriately.

20. On *strengthening the capacity of ECA*, UNDP believes that this is most relevant; UNDP is already providing capacity support to ECA for the purpose. UNDP funds a joint UNDP/ECA technical support unit, including a policy adviser, in Addis Ababa, which handles regional consultations and supports the implementation of the Africa peer review mechanism

21. On *the cluster arrangement*, UNDP is convinced that the current thematic model is the most viable mechanism for concerted United Nations system support to the implementation of NEPAD. Efforts should be made to secure that the clusters are more closely aligned with

the programme priorities of NEPAD and to ensure greater inter-cluster interaction and information exchange.

22. UNFPA agrees with the conclusion that the ECA is not sufficiently well organized substantively or structurally to deal adequately with the tasks that have been assigned to it. However, UNFPA finds that many of the recommendations do not appear to address the root causes of the issues. UNFPA feels that some reference could be made the outputs of individual agencies in the thematic areas, in collaboration with the African Union and the Regional Economic Commissions.

Annex. Reports issued by Joint Inspection Unit in 2005

JIU report	Name of report	Number of recommen-dations	Remarks
JIU/REP/2005/1	Review of management and administration in WIPO: budget, oversight and related issues	12	
JIU/REP/2005/2	Some measures to improve overall performance of the United Nations system at the country level, parts I and II	19	
JIU/REP/2005/3	Policies of United Nations system organizations toward the use of open source software in the secretariats	6	
JIU/REP/2005/4	Common payroll for the United Nations system organizations	2	
JIU/REP/2005/5	Review of the management, administration and activities of the secretariat of the United Nations Convention to Combat Desertification	25	
JIU/REP/2005/6	External review of the implementation of strategic budgeting within a results-based management framework in the International Labor Organization	9	
JIU/REP/2005/7	Policies of United Nations system organizations toward the use of open-source software for development	4	
JIU/REP/2005/8	Further measures to strengthen United Nations system support to the new partnership for Africa's Development	10	
JIU/REP/2005/9	Common services in Vienna: building management services	6	

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Elements of a decision

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Key recommendations

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IV. A common payroll for United Nations system organizations (JIU/REP/2005/4)

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11. On *creating a consolidated information and communications technology (ICT) platform for the United Nations system*, UNDP and UNFPA can subscribe to the vision of a unified ICT platform operating on standard procedures. However, UNDP cannot endorse the 'destination' – that is, one payroll system on a single United Nations ERP – until additional work has been carried out. Consistent with the 2005 World Summit Outcome, UNDP argues that United Nations systems should move towards fully integrated human resources management, including talent management, development, knowledge management and effective deployment of staff to achieve results, a solution closely linked with the finance and results architecture of the respective organizations. To ensure a worthwhile investment, the true value lies in integration. Based on the current level of analysis, UNDP does not believe that a payroll investment is strategic, and reserves judgment as to whether it is justifiable financially.

12. At the pragmatic level, and based on experience in the joint implementation of Atlas, UNDP and UNFPA believe that one of the biggest challenges lies in the management commitment to harmonize around the interpretation and application of personnel and financial regulations and processes. Currently for International Professionals, there have been differing practices in the implementation of the payout of hardship and mobility allowances. In addition, not all United Nations organizations agree on the implementation of Rank-in-post and the organizational tolerances around it. While there may be software flexibility in the configuration of different rules and policies, there is cost impact on the implementation and maintenance of software customizations. This complication is significantly compounded by each United Nations organization having a different chart of accounts and different budgetary processes.

13. On *the recommendation for United Nations organizations to align themselves with 'leader' organizations* that have implemented ERP systems, UNDP appreciates the idea of 'leader' organizations, and considers that it is well-positioned, together with UNFPA, to assume such a role in leveraging the Atlas system.

V. Policies of United Nations system organizations towards the use of open-source software for development (JIU/REP/2005/7)

Key recommendations

14. This report contains four recommendations specifically designed to raise awareness of the potential role of open-source software in achieving specific objectives set forth in the Millennium Declaration and the plan of action adopted by the World Summit of the Information Society in 2003. It calls upon the United Nations system to explore the advantages associated with the use of open-source software.

15. On *the emerging role of open-source software*, UNDP and UNPFA agreed that as a public good developed and propagated by civil society, free or open-source software can provide countries with new tools with which to create innovative solutions that can help

enhance the delivery of basic services, foster local capacities and boost digital inclusion. In that regard, UNDP wishes to highlight that it has been supporting the use of free or open-source software in more than 40 developing countries since 1995, through the sustainable development networking programme (SDNP) initiative. Where free or open-source software is the preferred choice, UNDP has encouraged the adoption of open standards, complementary policies on content and capacity development, and enterprise promotion. Overall, the role of UNDP has been to advise governments in linking free or open-source software to broader development goals and encouraging the deployment of new knowledge products – public or proprietary – rather than mandating free or open-source software use.

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VI. Measures to strengthen United Nations system support for the New Partnership for Africa's Development (JIU/REP/2005/8)

Key recommendations

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18. On *the roles of the African Union and NEPAD*, UNDP and UNFPA are of the view that the African Union Commission and the NEPAD Secreatariat should intensify steps to harmonize and integrate their activities to strengthen UN system interaction and support to Africa's social and economic development agenda. This would enable effective implementation of recommendations 1 and 9.

19. On *regional and subregional hubs*, UNDP is of the view that these are not closely related to the obstacles of coordination and delivering effective support to NEPAD. This would be duplicative and would create further coordination problems. UNDP is of the view that is a recommendation on the harmonization of mandate and programming cycles of the organizations, as well as the establishment of a common financing mechanism for NEPAD support programmes, would address the situation more appropriately.

20. On *strengthening the capacity of ECA*, UNDP believes that this is most relevant; UNDP is already providing capacity support to ECA for the purpose. UNDP funds a joint UNDP/ECA technical support unit, including a policy adviser, in Addis Ababa, which handles regional consultations and supports the implementation of the Africa peer review mechanism

21. On *the cluster arrangement*, UNDP is convinced that the current thematic model is the most viable mechanism for concerted United Nations system support to the implementation of NEPAD. Efforts should be made to secure that the clusters are more closely aligned with the programme priorities of NEPAD and to ensure greater inter-cluster interaction and information exchange.

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JIU/REP/2005/9	Common services in Vienna: building management services	6	